
Special Attention of:

Transmittal for Handbook No.:

Issued:

1. This Transmits:

U.S. Department of Housing and Urban Development

Departmental Accrual Policy Goods and Services Received but Not Invoiced

- 1 Purpose:** The purpose of this document is to establish a policy for estimating and recording accruals for Goods and Services Received but Not Invoiced in the Department of Housing and Urban Development (HUD). HUD's consolidated financial statements are presented on the accrual basis in accordance with generally accepted accounting principles (GAAP) established by the Federal Accounting Standards Advisory Board (FASAB). Under the accrual methodology, HUD recognizes revenues when earned, and expenses when a liability is incurred, without regard to receipt or payment of cash.
- 2 Scope:** At the end of each accounting period, CFOAC is responsible to estimate and record an accrual to recognize expenses related to Goods and Services Received but Not Invoiced.
- 3 Effective Date of This Policy:** September 2014. The policy will be reviewed annually and updated as needed.
- 4 Responsibilities:**
 - 4.1 On a quarterly basis, the Director of the Financial Reporting Division of OCFO Accounting (FRD Director) will review the accrual methodology. On a monthly basis, the FRD Director will review and approve the accruals prior to recording entries in HUDCAPS.
 - 4.2 CFOAC will use DataMart report A75R-SUB-009d entitled "Contract Obligation-Expenditure Balances in HUDCAPS."
 - 4.3 The file is sorted to capture current year administrative funds and a formula to compute 1/12th of obligations is inserted.
 - 4.4 On the 1st business day after the end of each accounting period, CFOAC will run A75R-SUB-009d report.
 - 4.5 A Journal Voucher (JV) will be prepared using a Transaction Type and Transaction Code (TT/TC) of SV/S5. The posting model will be:

Dr 3107 Unexp Appropriations-Used
Dr 480C Undel Ords-Oblig Unpd-Accrual
Dr 6100 Operating/Program Expenses

Cr 5701 Expended Appropriations
Cr 490C Del Ord-Oblig Unpaid Accrual
Cr 211C Accounts Payable-Accrual
 - 4.6 The JV will be broken down by Budget Fiscal Year, Fund, Allotment holder, Program Object Class, and amount.

- 4.7 CFOAC will submit the JV to the FRD Director for review and approval.
- 4.8 After review and approval by the FRD Director, CFOAC will record the JV in HUDCAPS.
 - 4.8.1 Note: This JV will be posted as a “reversing” entry in HUDCAPS and will automatically be reversed in the new accounting period. A HUDCAPS feature on the header page of the accounting entry in the “Reversal Period” field ensures this is done automatically.
- 4.9 CFOAC is responsible to maintain adequate documentation to support the accrual for Goods and Services Received but Not Invoiced.

5 Goods and Services Received but Not Invoiced Accrual Methodology

- 5.1 The Goods and Services Received but Not Invoiced accrual methodology is an estimate which needs to be monitored and evaluated for adequacy on an ongoing basis.

6 Monitoring

- 6.1 On a monthly basis, CFOAC and the FRD Director will compare the accrual estimate recorded in the prior month versus the expenses paid. CFOAC will adjust the methodology as needed.
- 6.2 On a quarterly basis, the FRD Director will review the accrual methodology.